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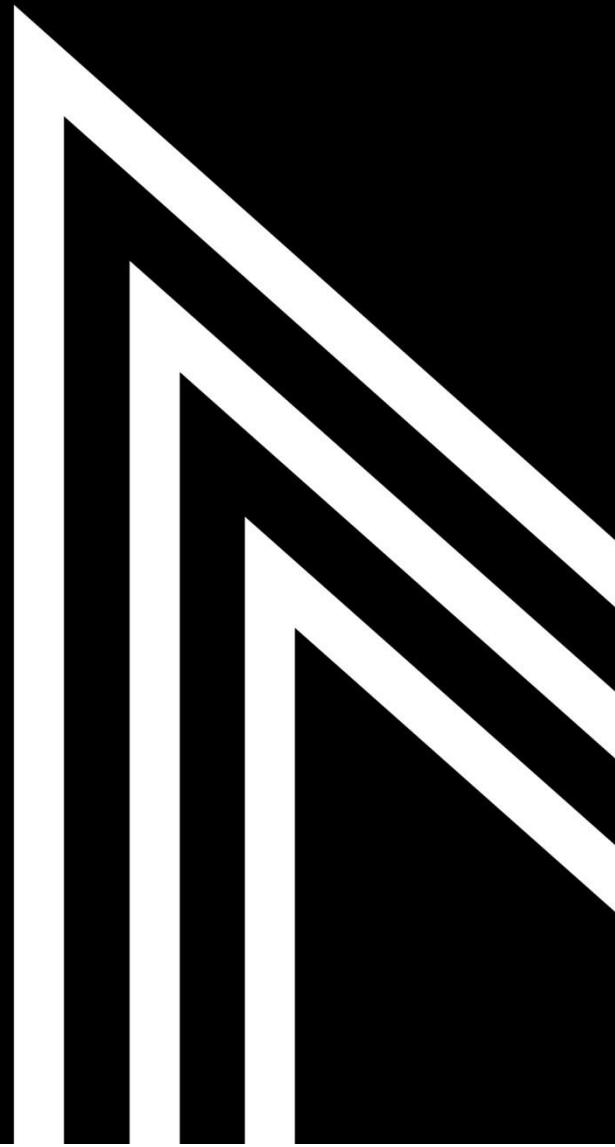
# Remuneration Report

## Unlockd Limited (Administrators Appointed)

10 October 2018



McGrathNicol



This remuneration report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the voluntary administration of Unlockd Limited.

The report has the following information:

1	Declaration .....	2
2	Executive Summary .....	2
3	Remuneration.....	2
3.1	Retrospective remuneration (Voluntary Administration).....	2
3.2	Prospective remuneration (Voluntary Administration) .....	3
3.3	Prospective remuneration (liquidation).....	3
3.4	Litigation funding.....	3
3.5	Total remuneration reconciliation.....	1
3.6	Likely impact on dividends .....	1
4	Disbursements .....	2
4.1	Internal disbursements.....	2
4.2	Internal disbursements with no element of profit or advantage .....	2
5	Summary of receipts and payments.....	3
6	Queries .....	3
	Appendix 1 .....	4
	Appendix 2.....	11
	Appendix 3.....	13

## 1 Declaration

We, Robert Smith and Keith Crawford of McGrathNicol, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of Unlockd Limited in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of this matter.

## 2 Executive Summary

To date, remuneration, as set out in the table below, has been approved and paid in this administration.

Past approvals	Amount (ex GST)
Remuneration (12 June 2018 to 27 July 2018), as approved by Committee of Inspection on 9 August 2018	\$380,688.00

This remuneration report details approval sought for the following remuneration:

Approvals sought	Report Reference	Amount (ex GST)
<b>Remuneration</b>		
Retrospective (Voluntary Administration)	3.1 & Appendix 1	\$243,782.00
Prospective (Voluntary Administration)	3.2 & Appendix 2	\$26,555.00
Prospective (Liquidation)	3.3 & Appendix 3	\$55,095.00
<b>Total remuneration</b>		<b>\$325,432.00</b>

Please refer to the report section references detailed in the above table for full details of the calculation and composition of the remuneration and internal disbursements for which approval is sought.

## 3 Remuneration

### 3.1 Retrospective remuneration (Voluntary Administration)

We will request that the following resolution be passed at the forthcoming creditors meeting to approve our retrospective remuneration. Details to support this resolution is included in section 4.1.

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 1: 28 July 2018 to 28 September 2018	Administration	\$243,782.00
<b>Total retrospective remuneration resolution</b>		<b>\$243,782.00</b>

#### Resolution 1: from 28 July 2018 to 28 September 2018

*"That the remuneration of the Administrators of Unlockd Limited for the period 28 July 2018 to 28 September 2018, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, in the amount of \$243,782.00 (exclusive of GST) is hereby approved for payment, and can be drawn immediately or as required".*

We will withdraw funds from the administration account in respect of the Administrators' remuneration immediately upon approval if funds are available. If funds are not available, we will withdraw funds progressively over time as funds become available. The Administrators' fees will only be paid if there are sufficient recoveries to do so.

Appendix 1 sets out the time charged to each major task area by staff members working on the administration for the period 28 July 2018 to 28 September 2018, as well as detailed descriptions of the tasks performed within each task area.

### 3.2 Prospective remuneration (Voluntary Administration)

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 2: 29 September 2018 to the end of the administration	Administration	\$26,555.00
<b>Total retrospective remuneration resolution</b>		<b>\$26,555.00</b>

#### Resolution 2: from 29 September 2018 to end of the administration

*“That the prospective remuneration of the Administrators of Unlockd Limited, to the maximum amount of \$26,555.00 (exclusive of GST), calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, for the period from 29 September 2018 until the work undertaken in the estimation of remuneration is complete, or the time charges for work undertaken exceeds the capped fee amount (whichever occurs first).*

*Creditors acknowledge that if actual costs incurred are below the amount approved, the Administrators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Administrators will seek further approval from creditors.*

*The Administrators are approved to draw their remuneration as and when it is incurred from funds under their control.”*

For the avoidance of doubt, the Administrators’ fees will only be paid if there are sufficient recoveries to do so.

### 3.3 Prospective remuneration (liquidation)

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 3: Liquidation	Liquidation	\$55,095.00
<b>Total retrospective remuneration resolution</b>		<b>\$55,095.00</b>

#### Resolution 3: Liquidation

*“That the prospective remuneration of the liquidators of Unlockd Limited (if appointed), to the maximum amount of \$55,095.00 (exclusive of GST), calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, for the period commencing on appointment of the Liquidators until the work undertaken in the estimation of remuneration is complete, or the time charges for work undertaken exceeds the capped fee amount (whichever occurs first).*

*Creditors acknowledge that if actual costs incurred are below the amount approved, the Liquidators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Liquidators will seek further approval from creditors.*

*The Liquidators are approved to draw their remuneration as and when it is incurred from funds under their control.”*

### 3.4 Litigation funding

The Administrators’ are continuing discussions with litigation funders regarding the potential funding of Unlockd Limited’s legal proceedings against Google. Any litigation funding agreement will likely include funding for the liquidators costs incurred in relation to the action. Notwithstanding, creditor approval is required for these costs to be paid as part of a liquidation.

The estimate provided to the litigation funders was \$500,000 (from commencement of any funding agreement).

### 3.5 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for the voluntary administration and future liquidation will be \$706,120.00 (GST exclusive) in the event litigation funding is not secured, or \$1,206,120.00 in the even that it is and the litigation proceeds until its conclusion, as shown in the table below. This estimate is subject to the following variables, which may have a significant effect on this estimate and that we are unable to determine as yet:

- the time required to secure any litigation funding and pursue the action;
- the time required to respond to the ATO and other statutory bodies regarding Unlockd's R&D claim; and
- the extent of any future investigations required.

Remuneration type		Amount (ex GST)
	Past remuneration approved	\$380,688.00
	Current remuneration approval being sought:	
	Retrospective remuneration approval (Voluntary Administration)	\$243,782.00
	Prospective remuneration approval (Voluntary Administration)	\$26,555.00
	Prospective remuneration (Liquidation)	\$55,095.00
	<b>Estimated total remuneration (excluding litigation funding)</b>	<b>\$706,120.00</b>
	<i>Additional estimate in the event litigation funding is secured</i>	<i>\$500,000.00</i>

This is higher than the estimate previously provided in our Initial Remuneration Notice dated 15 June 2018, which estimated remuneration (for the Administration only) of \$300,000 to \$450,000 (excluding GST), and the Remuneration Report to the Committee of inspection, which estimated (for the Administration only) \$450,000 to \$600,000 (excluding GST) principally due to the work involved in attempting to secure litigation funding, preserving Unlockd's Google litigation asset and executing and completing the Asset Sale Agreement.

### 3.6 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is reasonably performed. That work generates any funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid if sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most other stakeholders in the administration. It is noted that no funds would be available for any stakeholder without the work necessarily undertaken by the external administrator.

The extent of any dividend to creditors will ultimately be impacted by future realisations achieved by the external administration, and the value of creditor claims admitted to participate in the dividend.

The Administrators will advise creditors of the potential range of outcomes that may result from future realisations in their report issued to creditors in advance of the second meeting of creditors.

If a dividend or distribution is to be paid to stakeholders, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

## 4 Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying, printing and data storage, may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We have undertaken a proper assessment of disbursements claimed for the administration, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

### 4.1 Internal disbursements

Internal disbursements are paid for by McGrathNicol and are recovered from the Administrators' bank account. Creditors are only required to approve these types of disbursements where there is an element of profit or advantage to the External Administrator or a related party of the External Administrator.

### 4.2 Internal disbursements with no element of profit or advantage

The following internal disbursements have no element of profit or advantage. Details are provided to account to creditors, including the basis of charging for these types of disbursements. Creditors are entitled to question the incurring of the disbursements and can challenge the disbursements in Court. These amounts will be reimbursed to McGrathNicol at cost from the Administrators' bank account:

Internal disbursements at cost for the period 12 June 2018 to 28 September 2018	Amount (\$) (GST exclusive)
Travel (including taxis and parking)	\$1,401.42
Searches (including company and statutory searches)	\$712.56
Postage	\$311.40
Subscriptions	\$293.18
Mail redirection	\$60.07
Telephony – conference calls	\$37.61
ASIC fees	\$10.00
<b>Total</b>	<b>\$2,826.24</b>

## 5 Summary of receipts and payments

A summary of the receipts and payments for the administration for the period 28 July 2018 to 28 September 2018 is outlined below.

### Unlockd Limited summary of receipts and payments 12 June 2018 to 28 September 2018

<b>Receipts</b>	<b>A\$</b>
Pre-appointment funds	1,012,046
Asset sale proceeds (including GST)	165,000
Intercompany loan receivables	125,636
GST refunds	5,115
Interest income	702
Other receipts	300
<b>Total receipts</b>	<b>1,308,799</b>
<b>Payments</b>	
Administrator fees (as approved by COI on 9-Aug-18)	(418,757)
Loan to Unlockd Operations	(209,990)
Legal fees and disbursements	(72,915)
Unlockd consultant costs	(70,191)
Sale advisor costs	(44,000)
Insurance	(36,050)
Advertising	(11,517)
Media & public relation advisor costs	(2,553)
Trading expense	(2,312)
Other operating costs	(343)
Payroll (net wages) processing costs	(347)
<b>Total payment</b>	<b>(868,974)</b>
<b>Net receipts/(payments)</b>	<b>439,824</b>

*Source: bank accounts*

## 6 Queries

If you have any queries regarding the information in this report, please contact Olivia Lock on +61 3 9278 1049.

You can also access information that may assist you on the following websites:

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "fees of insolvency practitioner").

Dated: 10 October 2018



Robert Smith  
*Administrator*

## Appendix 1

### Resolution 1: Professional fees incurred from 28 July 2018 to 28 September 2018

Unlocked Limited (Administrators Appointed) Administrators' remuneration from 28 July 2018 to 28 September 2018												
	Position	Rate	Total		Assets		Creditors		Trade on		Project management & statutory	
			Hours	Total (\$)	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Rob Smith	Partner	680.00	55.00	37,400.00	38.50	26,180.00	11.50	7,820.00	-	-	5.00	3,400.00
Keith Crawford	Partner	680.00	58.50	39,780.00	45.00	30,600.00	8.50	5,780.00	-	-	5.00	3,400.00
Employee A	Director Professional Practice	620.00	2.20	1,364.00	-	-	2.20	1,364.00	-	-	-	-
Employee B	Senior Manager	530.00	167.30	88,669.00	123.00	65,190.00	35.90	19,027.00	5.10	2,703.00	3.30	1,749.00
Employee C	Senior Manager	530.00	14.50	7,685.00	-	-	-	-	-	-	14.50	7,685.00
Employee D	Manager	500.00	49.40	24,700.00	4.70	2,350.00	44.00	22,000.00	0.70	350.00	-	-
Employee E	Manager	500.00	10.00	5,000.00	6.00	3,000.00	-	-	-	-	4.00	2,000.00
Employee F	Senior Accountant	410.00	57.10	23,411.00	0.40	164.00	36.90	15,129.00	13.10	5,371.00	6.70	2,747.00
Employee G	Senior Accountant	410.00	9.00	3,690.00	-	-	-	-	-	-	9.00	3,690.00
Employee H	Senior Accountant	410.00	2.10	861.00	-	-	-	-	-	-	2.10	861.00
Employee I	Accountant	320.00	20.30	6,496.00	6.90	2,208.00	4.00	1,280.00	5.00	1,600.00	4.40	1,408.00
Employee J	Accountant	320.00	9.60	3,072.00	2.20	704.00	6.40	2,048.00	-	-	1.00	320.00
Employee K	Treasury Ops Manager	410.00	0.40	164.00	-	-	-	-	-	-	0.40	164.00
Employee L	Treasury Team Leader	410.00	0.20	82.00	-	-	-	-	0.20	82.00	-	-
Employee M	Treasury Coordinator	320.00	3.80	1,216.00	1.10	352.00	0.10	32.00	2.60	832.00	-	-
Employee N	Treasury Coordinator	320.00	0.60	192.00	-	-	-	-	0.60	192.00	-	-
			<b>460.00</b>	<b>243,782.00</b>	<b>227.80</b>	<b>130,748.00</b>	<b>149.50</b>	<b>74,480.00</b>	<b>27.30</b>	<b>11,130.00</b>	<b>55.40</b>	<b>27,424.00</b>

The below table sets out a detailed description of work undertaken on the Administration for the period 28 July 2018 to 28 September 2018, which is the basis of Resolution 1.

**Resolution 1: from 28 July 2018 to 28 September 2018**

Task Area	General Description	Includes
Assets 227.8 hours \$130,748.00	Sale process	<ul style="list-style-type: none"> <li>▪ Respond to interested party queries and requests</li> <li>▪ Upload documents to dataroom for interested parties, and maintain dataroom</li> <li>▪ Liaise with Unlockd staff regarding information requests and responses for interested parties</li> <li>▪ Detailed review and mark-up of preliminary and final Asset Sale Agreement (<b>ASA</b>)</li> <li>▪ Liaise with and seek assistance from legal counsel on ASA, including contract review and mark-ups</li> <li>▪ Investigate options for transitioning data to incoming purchaser of business assets</li> <li>▪ Liaise with hosting service providers regarding transition of accounts and data to incoming purchaser</li> <li>▪ Review and attend to execution of the final ASA</li> </ul>

Task Area	General Description	Includes
	Litigation funding	<ul style="list-style-type: none"> <li>▪ Liaise with litigation funders regarding due diligence and court deadlines</li> <li>▪ Collate, review and provide various documents requested by litigation funders for due diligence, and maintain dataroom for same</li> <li>▪ Review and respond to queries from litigation funders and legal counsel regarding the Google action</li> <li>▪ Facilitate and attend various meetings by phone and in person with litigation funders, legal counsel and Unlockd staff to answer funder queries on the Google action</li> <li>▪ Review various correspondence prepared by Unlockd's legal counsel, including drafts of the statement of claim</li> <li>▪ Review and mark-up Memorandum of Understanding for litigation funders</li> <li>▪ Liaise with UK counsel on Google action</li> <li>▪ Liaise with UK administrators regarding the UK proceedings and strategy for same</li> </ul>

Task Area	General Description	Includes
	ATO and R&D refund asset	<ul style="list-style-type: none"> <li>▪ Coordinate ATO work streams with external advisors</li> <li>▪ Undertake detailed review of FY18 ITR and R&amp;D lodgement, and sign-off on same</li> <li>▪ Ongoing liaison with PwC regarding the R&amp;D process and next steps on same</li> <li>▪ Attendance at meeting between the ATO, PwC, and the Administrators regarding the FY18 lodgements, the ATO review, and any queries emanating from same</li> <li>▪ Engage pre-appointment tax advisors to prepare and lodge June 2018 quarterly Business Activity Statement (<b>BAS</b>)</li> <li>▪ Review correspondence received from AusIndustry regarding R&amp;D claim and discuss response with PwC</li> <li>▪ Engage Unlockd staff to assist preparing a response to AusIndustry</li> </ul>
	Intercompany debtor recovery	<ul style="list-style-type: none"> <li>▪ Liaise with offshore entity Director(s) regarding repayment of intercompany loans owing to Unlockd Limited</li> <li>▪ Maintain intercompany loans matrix</li> </ul>
	Intellectual property (IP) asset	<ul style="list-style-type: none"> <li>▪ Liaise with external advisors regarding Unlockd's IP assets, the maintenance of same and ongoing costs involved in maintaining same</li> <li>▪ Attend to ad hoc requests from external legal counsel regarding the maintenance of IP assets</li> <li>▪ Liaise with McGrathNicol Forensic Technology regarding the preservation of the Group's IP assets</li> <li>▪ Coordinate filing and maintenance of international patents, including reviewing and responding to IP filing actions</li> </ul>

Task Area	General Description	Includes
Creditors 149.5 hours \$74,480.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> <li>▪ Request, receive and review updated creditor information from creditors and management, including contact details and amounts outstanding per accounting ledgers</li> <li>▪ Review and respond to creditor enquiries</li> <li>▪ Maintain and review creditor and invoice position and lists</li> </ul>
	Committee of Inspection (COI) meeting	<ul style="list-style-type: none"> <li>▪ Prepare for, attend and run COI meeting on 9 August 2018</li> <li>▪ Prepare Remuneration Report for COI meeting</li> <li>▪ Prepare, review and lodge minutes of meeting with ASIC</li> <li>▪ Organise logistics and technology for meeting to be held remotely for international members</li> <li>▪ Prepare and review chairperson notes and COI minutes</li> <li>▪ Prepare PowerPoint slide deck COI members of meeting</li> </ul>

Task Area	General Description	Includes
	Administrators' report for the Second Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Internal meetings regarding preparation of the report and the various work streams involved</li> <li>▪ Conduct detailed review of company register and reconcile same to ASIC register</li> <li>▪ Review ASIC register to confirm key dates</li> <li>▪ Conduct detailed review of company records to understand events leading up to the appointment of the Administrators</li> <li>▪ Conduct detailed review of Unlockd Limited internal correspondence and supporting company documents</li> <li>▪ Prepare various financial tables (cash-flow, profit and loss and balance sheet) for the report</li> <li>▪ Undertake preliminary insolvency analysis, including a review of potential voidable transactions</li> <li>▪ Review and consider pooling requirements</li> <li>▪ Reconcile RATAs to financial account systems</li> <li>▪ Prepare estimated outcome statements</li> <li>▪ Draft, review, and finalise the Administrators report for the Second Meeting of Creditors</li> </ul>
	Proofs of Debt ( <b>POD</b> )	<ul style="list-style-type: none"> <li>▪ Receive and collate PODs and supporting documents from claimants</li> <li>▪ Maintain creditor listing with associated claim balances</li> </ul>
Trade On 27.3 hours 11,130.00	Trade On Management	<ul style="list-style-type: none"> <li>▪ Ongoing communication with suppliers</li> <li>▪ Finalise site exit</li> <li>▪ Liaise with and provide updates to administrators of offshore entities</li> <li>▪ Liaise with US customers regarding closure of application</li> <li>▪ Maintain internal systems for cloud storage</li> </ul>

Task Area	General Description	Includes
	Banking	<ul style="list-style-type: none"> <li>Enter receipts and payments into accounting system</li> <li>Reconcile bank accounts for pre-appointment and post-appointment accounts</li> <li>Process receipts and payments</li> </ul>
	Prepare budgets and financial reports	<ul style="list-style-type: none"> <li>Monitor cash flow forecast</li> <li>Update financial analysis, including trading profit or loss statement, trading position statement and outcome statement</li> <li>Continue to evaluate the Group's financial position</li> </ul>
	ATO	<ul style="list-style-type: none"> <li>Prepare and lodge BAS returns</li> <li>Liaise with ATO and investigate pre-appointment discrepancy of lodgements</li> </ul>
Project management & statutory 55.4 hours \$27,424.00	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>Maintain physical and electronic engagement file</li> <li>Update checklists</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>Continue to monitor insurance and liaise with insurer regarding ongoing insurance requirements</li> <li>Review insurance policies on an ongoing basis and cancel policies when no longer required</li> <li>Correspond with broker on other ad hoc insurance related matters</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>Internal meetings to discuss status of external administration, and plan future workstreams</li> <li>Agree strategy for administration of Unlocked</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>Maintain online cloud storage of company books and records</li> <li>Prepare detailed catalogue of company books and records</li> </ul>

## Appendix 2

### Resolution 2: 29 September 2018 to the end of the administration

Unlocked Limited (Administrators Appointed) Administrators' prospective remuneration 29 September 2018 to the end of the administration											
Position	Rate	Total		Assets		Creditors		Trade on		Project management & statutory	
		Hours	Total (\$)	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Partner	680.00	6.50	4,420.00	2.00	1,360.00	4.00	2,720.00	-	-	0.50	340.00
Senior Manager	530.00	7.50	3,975.00	5.00	2,650.00	2.00	1,060.00	-	-	0.50	265.00
Manager	500.00	10.50	5,250.00	3.00	1,500.00	7.50	3,750.00	-	-	-	-
Senior Accountant	410.00	19.00	7,790.00	-	-	15.00	6,150.00	3.00	1,230.00	1.00	410.00
Accountant	320.00	12.00	3,840.00	-	-	5.00	1,600.00	6.00	1,920.00	1.00	320.00
Treasury Coordinator	320.00	4.00	1,280.00	-	-	3.00	960.00	1.00	320.00	-	-
<b>Total</b>		<b>59.50</b>	<b>26,555.00</b>	<b>10.00</b>	<b>5,510.00</b>	<b>36.50</b>	<b>16,240.00</b>	<b>10.00</b>	<b>3,470.00</b>	<b>3.00</b>	<b>1,335.00</b>

**Resolution 2: 29 September 2018 to the end of the administration**

Task Area	General Description	Includes
Assets 10.0 hours \$5,510.00	R&D refund asset Asset sale agreement completion Litigation funding	<ul style="list-style-type: none"> <li>▪ Coordinate ATO work streams with external advisors</li> <li>▪ Compile and provide ATO with requested documents for ATO and AusIndustry reviews</li> <li>▪ Attend meetings and liaise with PwC regarding next steps</li> <li>▪ Attend to transition queries from incoming purchaser</li> <li>▪ Attend to Asset Sale completion</li> <li>▪ Progress discussions with litigation funders, including attending to the ongoing discussions with the UK Voluntary Administrators on the UK proceedings</li> </ul>
Creditors 36.5 hours \$16,240.00	Second Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Prepare and send meeting notices</li> <li>▪ Advertise notice of meeting</li> <li>▪ Prepare meeting file</li> <li>▪ Prepare chairpersons notes for the Second Meeting</li> <li>▪ Respond to stakeholder queries and questions following the meeting</li> </ul>
	Administrators report	<ul style="list-style-type: none"> <li>▪ Update and finalise report prior to creditors meeting</li> </ul>
Trade On 10.0 hours \$3,470.00	Trade On Management	<ul style="list-style-type: none"> <li>▪ Prepare and authorise receipt and payment vouchers</li> <li>▪ Enter receipts and payments into accounting system</li> <li>▪ Maintain necessary subscriptions and liaise with providers to ensure certain services are kept open</li> </ul>
Project management & statutory 3.0 hours \$1,335.00	ATO	<ul style="list-style-type: none"> <li>▪ Prepare, review and lodge quarterly BAS return</li> <li>▪ Notify and liaise with ATO</li> </ul>
	Document maintenance	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> <li>▪ Maintain online cloud storage of company books and records</li> </ul>

## Appendix 3

### Resolution 3: Liquidation

Unlockd Limited (Administrators Appointed) Liquidators' prospective remuneration									
Position	Rate	Total		Assets		Creditors		Project management & statutory	
		Hours	Total (\$)	Hours	\$	Hours	\$	Hours	\$
Partner	680.00	4.00	2,720.00	3.00	2,040.00	-	-	1.00	680.00
Senior Manager	530.00	16.50	8,745.00	7.50	3,975.00	6.00	3,180.00	3.00	1,590.00
Manager	500.00	26.50	13,250.00	7.50	3,750.00	15.00	7,500.00	4.00	2,000.00
Senior Accountant	410.00	46.00	18,860.00	15.00	6,150.00	25.00	10,250.00	6.00	2,460.00
Accountant	320.00	33.00	10,560.00	-	-	25.00	8,000.00	8.00	2,560.00
Treasury Coordinator	320.00	3.00	960.00	-	-	-	-	3.00	960.00
<b>Total</b>		<b>129.00</b>	<b>55,095.00</b>	<b>33.00</b>	<b>15,915.00</b>	<b>71.00</b>	<b>28,930.00</b>	<b>25.00</b>	<b>10,250.00</b>



### Resolution 3: Liquidation

Task Area	General Description	Includes
Assets 33.0 hours \$15,915.00	R&D refund asset Asset sale agreement completion Litigation funding	<ul style="list-style-type: none"> <li>▪ Coordinate ATO work streams with external advisors</li> <li>▪ Compile and provide ATO with requested documents for ATO and AusIndustry reviews</li> <li>▪ Attend meetings and liaise with PwC regarding next steps</li> <li>▪ Attend to transition queries from incoming purchaser</li> <li>▪ Attend to Asset Sale completion</li> <li>▪ Progress discussions with litigation funders, including attending to the ongoing discussions with the UK Voluntary Administrators on the UK proceedings</li> </ul>
Creditors 71.0 hours \$28,930.00	Proofs of Debt ( <b>POD</b> ) & distribution	<ul style="list-style-type: none"> <li>▪ Receive and review PODs from creditors</li> <li>▪ Liaise with creditors to ensure PODs are completed correctly</li> <li>▪ Enter PODs into creditors listing</li> <li>▪ Print and file PODs</li> <li>▪ Adjudicate claims submitted</li> </ul>
Project management & statutory 25.0 hours \$10,250.00	ATO	<ul style="list-style-type: none"> <li>▪ Prepare, review and lodge quarterly BAS return</li> <li>▪ Notify and liaise with ATO</li> </ul>
	Document maintenance	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> <li>▪ Maintain online cloud storage of company books and records</li> </ul>
	Banking	<ul style="list-style-type: none"> <li>▪ Continue to review bank statements regularly</li> <li>▪ Continue to perform bank reconciliations</li> <li>▪ Continue to correspond with bank regarding specific transfers</li> <li>▪ Continue to review and approve payments</li> </ul>

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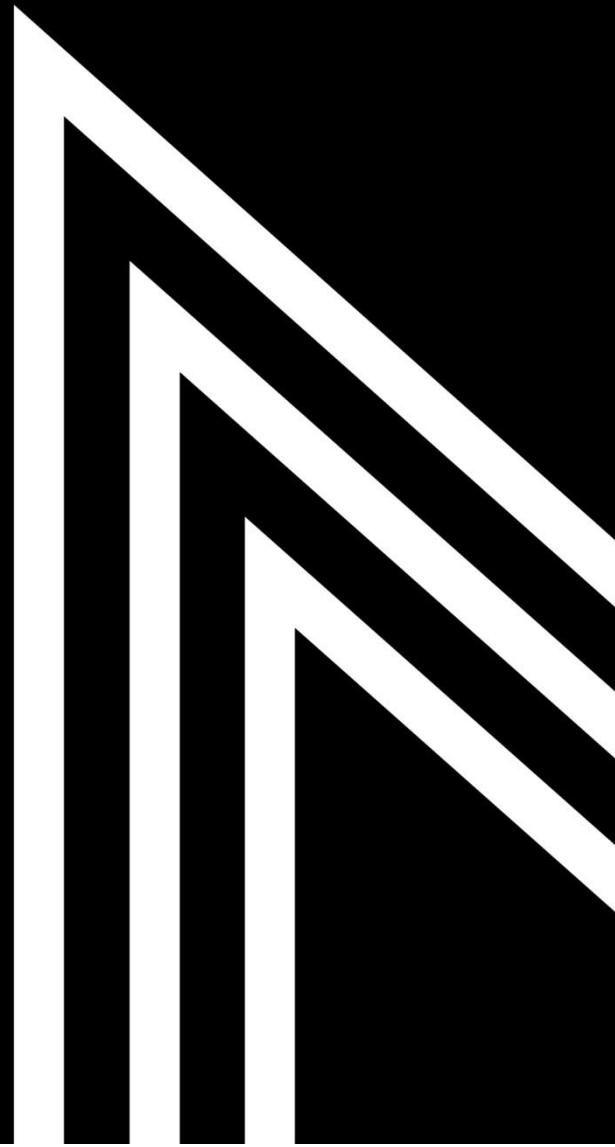
# Remuneration Report

## Unlockd IP Pty Ltd (Administrators Appointed)

10 October 2018



McGrathNicol



This remuneration report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the voluntary administration of Unlockd IP.

The report has the following information:

1	Declaration .....	2
2	Executive Summary .....	2
3	Remuneration.....	2
3.1	Retrospective remuneration.....	2
3.2	Prospective remuneration (Voluntary Administration) .....	2
3.3	Prospective remuneration (liquidation).....	3
3.4	Total remuneration reconciliation.....	3
3.5	Likely impact on dividends .....	4
4	Disbursements .....	4
4.1	Internal disbursements.....	4
4.2	Internal disbursements with no element of profit or advantage .....	4
5	Summary of receipts and payments.....	5
6	Queries.....	5
	Appendix 1.....	6
	Appendix 2.....	10
	Appendix 3.....	11

## 1 Declaration

We, Robert Smith and Keith Crawford of McGrathNicol, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of Unlockd IP in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of this matter.

## 2 Executive Summary

To date, no remuneration or internal disbursements have been approved and paid in this administration.

This remuneration report details approval sought for the following remuneration:

Approvals sought	Report Reference	Amount (ex GST)
<b>Remuneration</b>		
Retrospective (Voluntary Administration)	3.1 & Appendix 1	\$46,879.00
Prospective (Voluntary Administration)	3.2 & Appendix 2	\$6,475.00
Prospective (Liquidation)	3.3 & Appendix 3	\$7,300.00
<b>Total remuneration</b>		<b>\$60,654.00</b>

Please refer to the report section references detailed in the above table for full details of the calculation and composition of the remuneration and internal disbursements for which approval is sought.

## 3 Remuneration

### 3.1 Retrospective remuneration

We will request that the following resolution be passed to approve our retrospective remuneration. Details to support this resolution is included in section 4.1.

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 1: 12 June 2018 to 28 September 2018	Administration	\$46,879.00
<b>Total retrospective remuneration resolution</b>		<b>\$46,879.00</b>

#### Resolution 1: from 12 June 2018 to 28 September 2018

*"That the remuneration of the Administrators of Unlockd IP for the period 12 June 2018 to 28 September 2018, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, in the amount of \$46,879.00 (exclusive of GST) is hereby approved for payment, and can be drawn immediately or as required".*

We will withdraw funds from the administration account in respect of the Administrators' remuneration immediately upon approval if funds are available. If funds are not available, we will withdraw funds progressively over time as funds become available. The Administrators' fees will only be paid if there are sufficient recoveries to do so.

Appendix 1 sets out the time charged to each major task area by staff members working on the administration for the period 12 June 2018 to 28 September 2018, as well as detailed descriptions of the tasks performed within each task area.

### 3.2 Prospective remuneration (Voluntary Administration)

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 2: 29 September 2018 to the end of the administration	Administration	\$6,475.00
<b>Total retrospective remuneration resolution</b>		<b>\$6,475.00</b>

## Resolution 2: from 29 September 2018 to end of the administration

*“That the prospective remuneration of the Administrators of Unlockd IP, to the maximum amount of \$6,475.00 (exclusive of GST), calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, for the period from 29 September 2018 until the work undertaken in the estimation of remuneration is complete, or the time charges for work undertaken exceeds the capped fee amount (whichever occurs first).*

*Creditors acknowledge that if actual costs incurred are below the amount approved, the Administrators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Administrators will seek further approval from creditors.*

*The Administrators are approved to draw their remuneration as and when it is incurred from funds under their control.”*

For the avoidance of doubt, the Administrators' fees will only be paid if there are sufficient recoveries to do so.

### 3.3 Prospective remuneration (liquidation)

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 3: Liquidation	Liquidation	\$7,300.00
<b>Total retrospective remuneration resolution</b>		<b>\$7,300.00</b>

#### Resolution 3: Liquidation

*“That the prospective remuneration of the liquidators of Unlockd IP, to the maximum amount of \$7,300.00 (exclusive of GST), calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, for the period commencing on appointment of the Liquidators until the work undertaken in the estimation of remuneration is complete, or the time charges for work undertaken exceeds the capped fee amount (whichever occurs first).*

*Creditors acknowledge that if actual costs incurred are below the amount approved, the Liquidators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Liquidators will seek further approval from creditors.*

*The Liquidators are approved to draw their remuneration as and when it is incurred from funds under their control.”*

### 3.4 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for the voluntary administration and future liquidation will be \$60,654.00 (GST exclusive), as shown in the table below. This is subject to the following variables, which may have a significant effect on this estimate and that we are unable to determine as yet:

- the time required to compile and adjudicate claims; and
- the extent of any future investigations required.

Remuneration type	Amount (ex GST)
Current remuneration approval being sought:	
Retrospective remuneration approval (Voluntary Administration)	\$46,879.00
Prospective remuneration approval (Voluntary Administration)	\$6,475.00
Prospective remuneration (Liquidation)	\$7,300.00
Estimated future remuneration	\$13,775.00

Remuneration type	Amount (ex GST)
<b>Estimated total remuneration</b>	<b>\$60,654.00</b>

This is higher than the estimate provided in our Initial Remuneration Notice dated 15 June 2018, which estimated remuneration (for the Administration only) of \$30,000 to \$50,000 (excluding GST), principally due to the additional work involved in the realisation of Unlockd IP's trademark assets, as well as reviewing and responding to the non-use applications.

### 3.5 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is reasonably performed. That work generates any funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid if sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most other stakeholders in the administration. It is noted that no funds would be available for any stakeholder without the work necessarily undertaken by the external administrator.

The extent of any dividend to creditors will ultimately be impacted by future realisations achieved by the external administration, and the value of creditor claims admitted to participate in the dividend.

The Administrators will advise creditors of the potential range of outcomes that may result from future realisations in their report issued to creditors in advance of the second meeting of creditors.

If a dividend or distribution is to be paid to stakeholders, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

## 4 Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying, printing and data storage, may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We have undertaken a proper assessment of disbursements claimed for the administration, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

### 4.1 Internal disbursements

Internal disbursements are paid for by McGrathNicol and are recovered from the Administrators' bank account. Creditors are only required to approve these types of disbursements where there is an element of profit or advantage to the External Administrator or a related party of the External Administrator.

### 4.2 Internal disbursements with no element of profit or advantage

The following internal disbursements have no element of profit or advantage. Details are provided to account to creditors, including the basis of charging for these types of disbursements. Creditors are entitled to question the incurring of the disbursements and can challenge the disbursements in Court. These amounts will be reimbursed to McGrathNicol at cost from the Administrators' bank account:

Internal disbursements at cost for the period 12 June 2018 to 28 September 2018	Amount (\$) (GST exclusive)
Searches (including company and statutory searches)	\$119.21
Mail redirection	\$60.07
Subscriptions	\$19.32
<b>Total</b>	<b>\$198.60</b>

## 5 Summary of receipts and payments

A summary of the receipts and payments for the administration for the period 12 June 2018 to 28 September 2018 is outlined below.

Unlockd IP summary of receipts and payments 12 June 2018 to 28 September 2018	
<b>Receipts</b>	<b>A\$</b>
<b>Total receipts</b>	-
<b>Payments</b>	
<b>Total payments</b>	-
<b>Net receipts / payments</b>	-

*Note: no transactions have accrued in the Unlockd IP bank account*

## 6 Queries

If you have any queries regarding the information in this report, please contact Olivia Lock on +61 3 9278 1049.

You can also access information that may assist you on the following websites:

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "fees of insolvency practitioner").

Dated: 10 October 2018



Robert Smith  
*Administrator*

## Appendix 1

### Resolution 1: from 12 June 2018 to 28 September 2018

Unlocked IP Pty Ltd (Administrators Appointed) Administrators' remuneration from 12 June 2018 to 28 September 2018										
	Position	Rate	Total		Assets		Creditors		Project management & statutory	
			Hours	Total (\$)	Hours	\$	Hours	\$	Hours	\$
Keith Crawford	Partner	680.00	0.50	340.00	-	-	-	-	0.50	340.00
Rob Smith	Partner	680.00	1.50	1,020.00	-	-	-	-	1.50	1,020.00
Employee A	Senior Manager	530.00	1.70	901.00	-	-	1.00	530.00	0.70	371.00
Employee B	Senior Manager	530.00	18.50	9,805.00	5.60	2,968.00	12.00	6,360.00	0.90	477.00
Employee C	Manager	500.00	13.60	6,800.00	-	-	13.10	6,550.00	0.50	250.00
Employee D	Assistant Manager	450.00	7.00	3,150.00	-	-	4.00	1,800.00	3.00	1,350.00
Employee E	Assistant Manager	450.00	6.90	3,105.00	-	-	6.60	2,970.00	0.30	135.00
Employee F	Senior Accountant 1	410.00	7.70	3,157.00	-	-	5.90	2,419.00	1.80	738.00
Employee G	Senior Accountant	410.00	9.30	3,813.00	2.90	1,189.00	4.30	1,763.00	2.10	861.00
Employee H	Senior Accountant	410.00	0.20	82.00	-	-	0.20	82.00	-	-
Employee I	Accountant	320.00	30.60	9,792.00	-	-	24.00	7,680.00	6.60	2,112.00
Employee J	Accountant	320.00	2.20	704.00	-	-	1.50	480.00	0.70	224.00
Employee K	Accountant	320.00	11.10	3,552.00	-	-	2.40	768.00	8.70	2,784.00
Employee L	Accountant	320.00	0.80	256.00	-	-	-	-	0.80	256.00
Employee M	Treasury Team Leader	410.00	0.20	82.00	-	-	-	-	0.20	82.00
Employee N	Treasury Coordinator	320.00	1.00	320.00	-	-	0.20	64.00	0.80	256.00
			<b>112.80</b>	<b>46,879.00</b>	<b>8.50</b>	<b>4,157.00</b>	<b>75.20</b>	<b>31,466.00</b>	<b>29.10</b>	<b>11,256.00</b>



The below table sets out a detailed description of work undertaken on the Administration for the period 12 June 2018 to 28 September 2018, which is the basis of Resolution 1.

**Resolution 1: from 12 June 2018 to 28 September 2018**

Task Area	General Description	Includes
Assets 8.5 hours \$4,157.00	Intercompany debtor recovery	<ul style="list-style-type: none"> <li>▪ Review intercompany loans matrix and discuss queries on same with Unlockd finance personnel</li> <li>▪ Review and assess intercompany recharge transactions and balances</li> </ul>
	Searches	<ul style="list-style-type: none"> <li>▪ Conduct company searches to identify assets</li> </ul>
	Trade marks	<ul style="list-style-type: none"> <li>▪ Review non-use applications received and liaise with legal advisors on same</li> <li>▪ Review draft response to non-use applications and provide instructions to legal counsel regarding same</li> <li>▪ Liaise with incoming purchaser regarding non-use applications and implications of same</li> </ul>
Creditors 75.2 hours \$31,466.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> <li>▪ Request, receive and review updated creditor information from creditors and management including contact details and amounts outstanding per accounting ledgers</li> <li>▪ Maintain and review creditor and invoice position and lists</li> </ul>

Task Area	General Description	Includes
	Administrators' report	<ul style="list-style-type: none"> <li>▪ Internal meetings regarding preparation of the report and the various work streams involved</li> <li>▪ Conduct detailed review of company register and reconcile same to ASIC register</li> <li>▪ Review ASIC register to confirm key dates</li> <li>▪ Conduct detailed review of company records to understand events leading up to the appointment of external administrators</li> <li>▪ Conduct detailed review of Unlocked IP internal correspondence and supporting company documents</li> <li>▪ Prepare financial tables (cash-flow, profit and loss and balance sheet)</li> <li>▪ Undertake preliminary insolvency analysis, including a review of potential voidable transactions</li> <li>▪ Review and consider pooling requirements</li> <li>▪ Reconcile RATA to financial account system</li> <li>▪ Prepare estimated outcome statements</li> <li>▪ Draft, review and finalise the Administrators report for the Second Meeting of Creditors</li> </ul>
	Proofs of Debt ( <b>POD</b> )	<ul style="list-style-type: none"> <li>▪ Receive and collate PODs and supporting documents from claimants</li> </ul>

Task Area	General Description	Includes
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Attend and run first creditors meeting</li> <li>▪ Prepare and send meeting notices</li> <li>▪ Record statement of postage for notices sent</li> <li>▪ Advertise notice of meeting</li> <li>▪ Prepare materials for meeting</li> <li>▪ Prepare meeting file including agenda, attendance register, list of creditors</li> <li>▪ Prepare technology required for meeting</li> <li>▪ Prepare and lodge minutes of meeting(s) with Australian Securities and Investments Commission (<b>ASIC</b>)</li> <li>▪ Discuss strategy to meeting quorum requirements for meeting</li> </ul>
Project management & statutory 29.1 hours \$11,256.00	Prepare budgets and financial reports	<ul style="list-style-type: none"> <li>• Monitor cash flow</li> <li>• Continue to evaluate trading position</li> </ul>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>▪ Notify ATO of appointment</li> <li>▪ Prepare BAS return</li> <li>▪ Investigate pre-appointment GST structure of Unlockd Group</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> </ul>
	ASIC forms	<ul style="list-style-type: none"> <li>• Prepare and lodge ASIC forms</li> <li>• Correspond with ASIC regarding statutory forms</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>• Internal meetings to discuss status of external administration, and plan future workstreams</li> <li>• Agree strategy for administration of Unlockd</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>▪ Maintain online cloud storage of company books and records</li> <li>▪ Prepare detailed catalogue of company books and records</li> </ul>

## Appendix 2

### Resolution 2: 29 September 2018 to the end of the administration

Unlockd IP Pty Ltd (Administrators Appointed) Administrators' prospective remuneration 29 September 2018 to the end of the administration							
Position	Rate	Total		Creditors		Project management & statutory	
		Hours	Total (\$)	Hours	\$	Hours	\$
Partner	680.00	1.50	1,020.00	1.00	680.00	0.50	340.00
Senior Manager	530.00	3.50	1,855.00	3.00	1,590.00	0.50	265.00
Manager	500.00	2.00	1,000.00	1.00	500.00	1.00	500.00
Senior Accountant	410.00	4.00	1,640.00	3.00	1,230.00	1.00	410.00
Accountant	320.00	3.00	960.00	3.00	960.00	-	-
Treasury Coordinator	320.00	-	-	-	-	-	-
<b>Total</b>		<b>14.00</b>	<b>6,475.00</b>	<b>11.00</b>	<b>4,960.00</b>	<b>3.00</b>	<b>1,515.00</b>

### Resolution 2: 29 September 2018 to the end of the administration

Task Area	General Description	Includes
Creditors 11.0 hours \$4,960.00	Second Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Prepare and send meeting notices</li> <li>▪ Advertise notice of meeting</li> <li>▪ Prepare meeting file</li> <li>▪ Prepare and lodge minutes of meeting(s) with Australian Securities and Investments Commission (ASIC)</li> <li>▪ Respond to stakeholder queries and questions following the meeting</li> </ul>
	Administrators report	<ul style="list-style-type: none"> <li>▪ Update and finalise report prior to creditors meeting</li> </ul>
Project management & statutory 3.0 hours \$1,515.00	ATO	<ul style="list-style-type: none"> <li>▪ Prepare, review and lodge quarterly BAS return</li> <li>▪ Notify and liaise with ATO</li> </ul>
	Document maintenance	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> <li>▪ Maintain online cloud storage of company books and records</li> </ul>

## Appendix 3

### Resolution 3: Liquidation

Unlocked IP Pty Ltd (Administrators Appointed) Liquidators' prospective remuneration							
Position	Rate	Total		Creditors		Project management & statutory	
		Hours	Total (\$)	Hours	\$	Hours	\$
Partner	680.00	1.00	680.00	-	-	1.00	680.00
Senior Manager	530.00	2.00	1,060.00	1.00	530.00	1.00	530.00
Manager	500.00	3.00	1,500.00	-	-	3.00	1,500.00
Senior Accountant	410.00	6.00	2,460.00	1.00	410.00	5.00	2,050.00
Accountant	320.00	4.00	1,280.00	-	-	4.00	1,280.00
Treasury Coordinator	320.00	1.00	320.00	-	-	1.00	320.00
<b>Total</b>		<b>17.00</b>	<b>7,300.00</b>	<b>2.00</b>	<b>940.00</b>	<b>15.00</b>	<b>6,360.00</b>

### Resolution 3: Liquidation

Task Area	General Description	Includes
Creditors 2.0 hours \$940.00	Proofs of Debt (POD) & distribution	<ul style="list-style-type: none"> <li>▪ Receive and review PODs from creditors</li> <li>▪ Liaise with creditors to ensure PODs are completed correctly</li> <li>▪ Enter PODs into creditors listing</li> <li>▪ Print and file PODs</li> <li>▪ Adjudicate claims submitted</li> </ul>
Project management & statutory 15.0 hours \$6,360.00	ATO	<ul style="list-style-type: none"> <li>▪ Prepare, review and lodge quarterly BAS return</li> <li>▪ Notify and liaise with ATO</li> </ul>
	Document maintenance	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> <li>▪ Maintain online cloud storage of company books and records</li> </ul>



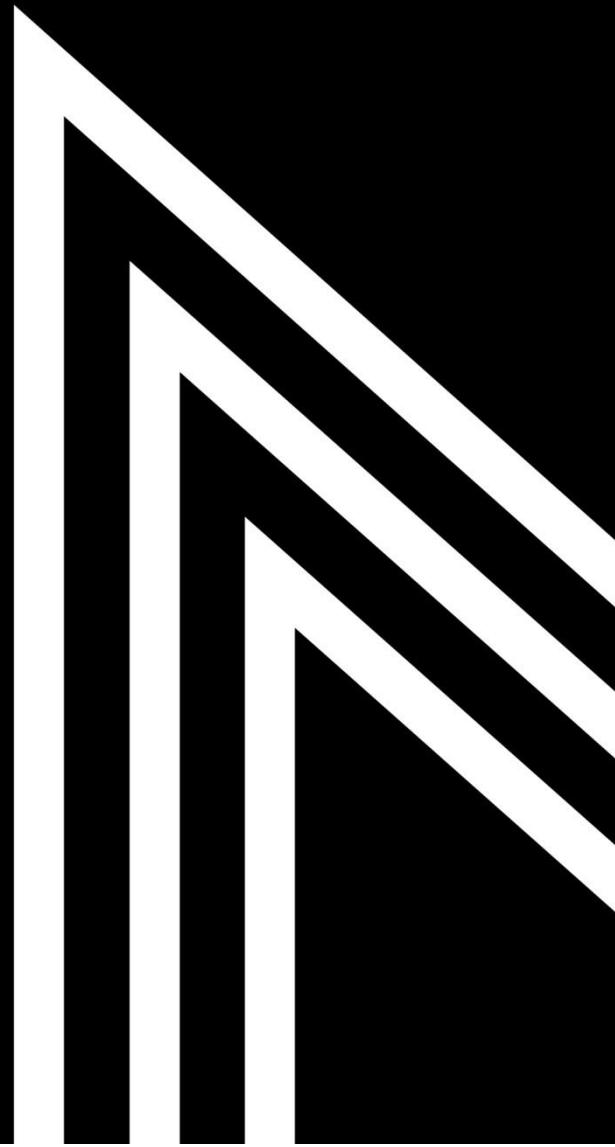
# Remuneration Report

Unlockd AU Pty Ltd (Administrators Appointed)

10 October 2018



McGrathNicol



This remuneration report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the voluntary administration of Unlockd AU.

The report has the following information:

1	Declaration .....	2
2	Executive Summary .....	2
3	Remuneration.....	2
3.1	Retrospective remuneration.....	2
3.2	Prospective remuneration (Voluntary Administration) .....	2
3.3	Prospective remuneration (Liquidation).....	3
3.4	Total remuneration reconciliation.....	3
3.5	Likely impact on dividends .....	4
4	Disbursements .....	4
4.1	Internal disbursements.....	4
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Appendix 1	.....	6
Appendix 2	.....	11
Appendix 3	.....	12



## 1 Declaration

We, Robert Smith and Keith Crawford of McGrathNicol, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of Unlocked AU in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of this matter.

## 2 Executive Summary

To date, no remuneration or internal disbursements have been approved and paid in this administration.

This remuneration report details approval sought for the following remuneration:

Approvals sought	Report Reference	Amount (ex GST)
<b>Remuneration</b>		
Retrospective (Voluntary Administration)	3.1 & Appendix 1	\$86,326.00
Prospective (Voluntary Administration)	3.2 & Appendix 2	\$6,475.00
Prospective (Liquidation)	3.3 & Appendix 3	\$16,575.00
<b>Total remuneration</b>		<b>\$109,376.00</b>

Please refer to the report section references detailed in the above table for full details of the calculation and composition of the remuneration and internal disbursements for which approval is sought.

## 3 Remuneration

### 3.1 Retrospective remuneration

We will request that the following resolution be passed to approve our retrospective remuneration. Details to support this resolution is included in section 4.1.

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 1: 12 June 2018 to 28 September 2018	Administration	\$86,326.00
<b>Total retrospective remuneration resolution</b>		<b>\$86,326.00</b>

#### Resolution 1: from 12 June 2018 to 28 September 2018

*"That the remuneration of the Administrators of Unlocked AU for the period 12 June 2018 to 28 September 2018, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, in the amount of \$86,326.00 (exclusive of GST) is hereby approved for payment, and can be drawn immediately or as required".*

We will withdraw funds from the administration account in respect of the Administrators' remuneration immediately upon approval if funds are available. If funds are not available, we will withdraw funds progressively over time as funds become available. The Administrators' fees will only be paid if there are sufficient recoveries to do so.

The following pages set out the time charged to each major task area by staff members working on the administration for the period 12 June 2018 to 28 September 2018, as well as detailed descriptions of the tasks performed within each task area.

### 3.2 Prospective remuneration (Voluntary Administration)

Retrospective remuneration resolution(s)	Appointment Type	Amount (ex GST)
Resolution 2: 29 September 2018 to the end of the administration	Administration	\$6,475.00
<b>Total retrospective remuneration resolution</b>		<b>\$6,475.00</b>

## Resolution 2: from 29 September 2018 to end of the administration

*“That the prospective remuneration of the Administrators of Unlocked AU, to the maximum amount of \$6,475.00 (exclusive of GST), calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, for the period from 29 September 2018 until the work undertaken in the estimation of remuneration is complete, or the time charges for work undertaken exceeds the capped fee amount (whichever occurs first).*

*Creditors acknowledge that if actual costs incurred are below the amount approved, the Administrators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Administrators will seek further approval from creditors.*

*The Administrators are approved to draw their remuneration as and when it is incurred from funds under their control.”*

For the avoidance of doubt, the Administrators' fees will only be paid if there are sufficient recoveries to do so.

### 3.3 Prospective remuneration (Liquidation)

Retrospective remuneration resolution(s)	Appointment Type	Amount (ex GST)
Resolution 3: Liquidation	Liquidation	\$16,575.00
<b>Total retrospective remuneration resolution</b>		<b>\$16,575.00</b>

#### Resolution 3: Liquidation

*“That the prospective remuneration of the liquidators of Unlocked AU, to the maximum amount of \$16,575.00 (exclusive of GST), calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, for the period commencing on appointment of the Liquidators until the work undertaken in the estimation of remuneration is complete, or the time charges for work undertaken exceeds the capped fee amount (whichever occurs first).*

*Creditors acknowledge that if actual costs incurred are below the amount approved, the Liquidators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Liquidators will seek further approval from creditors.*

*The Liquidators are approved to draw their remuneration as and when it is incurred from funds under their control.”*

### 3.4 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for the voluntary administration and future liquidation will be \$109,376.00 (GST exclusive), as shown in the table below. This is subject to the following variables, which may have a significant effect on this estimate and that we are unable to determine as yet:

- the time required to compile and adjudicate claims; and
- the extent of any future investigations required.

Remuneration type	Amount (ex GST)
Current remuneration approval being sought:	
Retrospective remuneration approval (Voluntary Administration)	\$86,326.00
Prospective remuneration approval (Voluntary Administration)	\$6,475.00
Prospective remuneration (Liquidation)	\$16,575.00
Estimated future remuneration	\$23,050.00

Remuneration type	Amount (ex GST)
<b>Estimated total remuneration</b>	<b>\$109,376.00</b>

This is above the estimate previously provided in our Initial Remuneration Notice dated 15 June 2018, which estimated remuneration (for the Administration only) of \$30,000 to \$50,000 (excluding GST), principally due to the additional work involved in reviewing and realising the Group's intercompany and trade debtors as well as the potential set-off claims from specific debtors in this entity, and the time required to appropriately account for the receipts generated for tax purposes.

### 3.5 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is reasonably performed. That work generates any funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid if sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most other stakeholders in the administration. It is noted that no funds would be available for any stakeholder without the work necessarily undertaken by the external administrator.

The extent of any dividend to creditors will ultimately be impacted by future realisations achieved by the external administration, and the value of creditor claims admitted to participate in the dividend.

The Administrators will advise creditors of the potential range of outcomes that may result from future realisations in their report issued to creditors in advance of the second meeting of creditors.

If a dividend or distribution is to be paid to stakeholders, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

## 4 Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying, printing and data storage, may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We have undertaken a proper assessment of disbursements claimed for the administration, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

### 4.1 Internal disbursements

Internal disbursements are paid for by McGrathNicol and are recovered from the Administrators' bank account. Creditors are only required to approve these types of disbursements where there is an element of profit or advantage to the External Administrator or a related party of the External Administrator.

## 4.2 Internal disbursements with no element of profit or advantage

The following internal disbursements have no element of profit or advantage. Details are provided to account to creditors, including the basis of charging for these types of disbursements. Creditors are entitled to question the incurring of the disbursements and can challenge the disbursements in Court. These amounts will be reimbursed to McGrathNicol at cost from the Administrators' bank account:

Internal disbursements at cost for the period 12 June 2018 to 28 September 2018	Amount (\$) (GST exclusive)
Searches (including company and statutory searches)	\$92.46
Mail redirection	\$60.07
Travel (including taxis and parking)	\$44.19
Subscriptions	\$38.64
<b>Total</b>	<b>\$235.36</b>

## 5 Summary of receipts and payments

A summary of the receipts and payments for the administration for the period 12 June 2018 to 28 September 2018 is outlined below.

Unlocked AU summary of receipts and payments 12 June 2018 to 28 September 2018	
<b>Receipts</b>	<b>A\$</b>
Debtors	548,873
Pre-appointment funds	45,253
<b>Total receipts</b>	<b>594,126</b>
<b>Payments</b>	
Bank charges	(40)
<b>Total payments</b>	<b>(40)</b>
<b>Net receipts / payments</b>	<b>594,086</b>

*Source: bank accounts*

## 6 Queries

If you have any queries regarding the information in this report, please contact Olivia Lock on +61 3 9278 1049.

You can also access information that may assist you on the following websites:

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "fees of insolvency practitioner").

Dated: 10 October 2018



Robert Smith  
Administrator

## Appendix 1

### Resolution 1: from 12 June 2018 to 28 September 2018

Unlocked AU Pty Ltd (Administrators Appointed) Administrators' remuneration from 12 June 2018 to 28 September 2018										
Position	Rate	Total		Assets		Creditors		Project management & statutory		
		Hours	Total (\$)	Hours	\$	Hours	\$	Hours	\$	
Keith Crawford	Partner	680.00	0.50	340.00	-	-	-	-	0.50	340.00
Rob Smith	Partner	680.00	1.50	1,020.00	-	-	1.50	1,020.00	-	-
Employee A	Director Professional Practice	620.00	0.80	496.00	-	-	0.80	496.00	-	-
Employee B	Senior Manager	530.00	1.70	901.00	-	-	1.00	530.00	0.70	371.00
Employee C	Senior Manager	530.00	27.50	14,575.00	5.70	3,021.00	19.90	10,547.00	1.90	1,007.00
Employee D	Manager	500.00	26.50	13,250.00	1.40	700.00	19.60	9,800.00	5.50	2,750.00
Employee E	Assistant Manager	450.00	12.60	5,670.00	2.80	1,260.00	6.80	3,060.00	3.00	1,350.00
Employee F	Assistant Manager	450.00	7.10	3,195.00	-	-	6.80	3,060.00	0.30	135.00
Employee G	Senior Accountant 1	410.00	7.80	3,198.00	-	-	5.90	2,419.00	1.90	779.00
Employee H	Senior Accountant	410.00	23.40	9,594.00	14.00	5,740.00	5.00	2,050.00	4.40	1,804.00
Employee I	Senior Accountant	410.00	0.20	82.00	-	-	0.20	82.00	-	-
Employee J	Senior Accountant	410.00	1.10	451.00	-	-	-	-	1.10	451.00
Employee K	Accountant	320.00	33.20	10,624.00	0.70	224.00	23.70	7,584.00	8.80	2,816.00
Employee L	Accountant	320.00	5.30	1,696.00	-	-	1.50	480.00	3.80	1,216.00
Employee M	Accountant	320.00	63.70	20,384.00	49.30	15,776.00	2.40	768.00	12.00	3,840.00
Employee N	Accountant	320.00	0.50	160.00	-	-	-	-	0.50	160.00
Employee O	Treasury Team Leader	410.00	0.20	82.00	-	-	-	-	0.20	82.00
Employee P	Treasury Coordinator	320.00	1.90	608.00	0.30	96.00	0.20	64.00	1.40	448.00
			<b>215.50</b>	<b>86,326.00</b>	<b>74.20</b>	<b>26,817.00</b>	<b>95.30</b>	<b>41,960.00</b>	<b>46.00</b>	<b>17,549.00</b>

The below table sets out a detailed description of work undertaken on the Administration for the period 12 June 2018 to 28 September 2018, which is the basis of Resolution 1.

**Resolution 1: from 12 June 2018 to 28 September 2018**

Task Area	General Description	Includes
Assets 74.2 hours \$26,817.00	Debtors	<ul style="list-style-type: none"> <li>▪ Collect and process pre-appointment debtor amounts</li> <li>▪ Maintain current debtor listing and balances</li> <li>▪ Investigate unknown transactions</li> <li>▪ Prepare, review and issue correspondence to debtors</li> <li>▪ Review and assess debtor ledger supplied by management and ask queries on same</li> <li>▪ Review correspondence with debtors and debt collectors/solicitors</li> <li>▪ Process receipts and identify pre-appointment and post-appointment revenue from debtors</li> <li>▪ Discuss strategy for realisation of debtors with Unlockd staff and action same</li> <li>▪ Review and respond to multiple debtor enquiries</li> <li>▪ Undertake regular reconciliations of outstanding debtor invoices with amounts received into the Administrators bank accounts</li> </ul>
	Intercompany debtor recovery	<ul style="list-style-type: none"> <li>▪ Review intercompany loans matrix and discuss queries on same with Unlockd finance personnel</li> <li>▪ Liaise with offshore entity Director(s) regarding repayment of intercompany loans owing to Unlockd AU</li> <li>▪ Review and assess intercompany recharge transactions and balances</li> </ul>
	Searches	<ul style="list-style-type: none"> <li>▪ Conduct company searches to identify assets</li> </ul>

Task Area	General Description	Includes
Creditors 95.3 hours \$41,960.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> <li>▪ Request, receive and review updated creditor information from creditors and management, including contact details and amounts outstanding per accounting ledgers</li> <li>▪ Review and respond to creditor enquiries</li> <li>▪ Maintain and review creditor and invoice position and lists</li> </ul>
	Administrators' report	<ul style="list-style-type: none"> <li>▪ Internal meetings regarding preparation of the report and the various work streams involved</li> <li>▪ Conduct detailed review of company register and reconcile same to ASIC register</li> <li>▪ Review ASIC register to confirm key dates</li> <li>▪ Conduct detailed review of company records to understand events leading up to the appointment of external administrators</li> <li>▪ Conduct detailed review of Unlockd Limited internal correspondence and supporting company documents</li> <li>▪ Prepare financial tables (cash-flow, profit and loss and balance sheet)</li> <li>▪ Undertake preliminary insolvency analysis, including a review of potential voidable transactions</li> <li>▪ Review and consider pooling requirements</li> <li>▪ Reconcile RATA to financial account system</li> <li>▪ Prepare estimated outcome statements</li> <li>▪ Draft, review and finalise the Administrators report for the Second Meeting of Creditors</li> </ul>
	Proofs of Debt ( <b>POD</b> )	<ul style="list-style-type: none"> <li>▪ Receive and collate PODs and supporting documents from claimants</li> </ul>

Task Area	General Description	Includes
	Debtor set-off	<ul style="list-style-type: none"> <li>▪ Liaise with various debtors regarding potential claims for set-off</li> <li>▪ Review company records for same</li> <li>▪ Update administrators records for same</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Attend and run first creditors meeting</li> <li>▪ Prepare and send meeting notices</li> <li>▪ Record statement of postage for notices sent</li> <li>▪ Advertise notice of meeting</li> <li>▪ Prepare materials for meeting</li> <li>▪ Prepare meeting file including agenda, attendance register, list of creditors</li> <li>▪ Prepare technology required for meeting</li> <li>▪ Prepare and lodge minutes of meeting(s) with Australian Securities and Investments Commission (<b>ASIC</b>)</li> <li>▪ Discuss strategy to meeting quorum requirements for meeting</li> </ul>
Project management & statutory 46.0 hours \$17,548.00	Prepare budgets and financial reports	<ul style="list-style-type: none"> <li>• Monitor cash flow position</li> <li>• Continue to evaluate trading position</li> </ul>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>▪ Notify ATO of appointment</li> <li>▪ Prepare BAS return</li> <li>▪ Liaise with ATO and investigate pre-appointment discrepancy of lodgements</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> </ul>

Task Area	General Description	Includes
	Banking	<ul style="list-style-type: none"> <li>▪ Prepare correspondence to open and close accounts</li> <li>▪ Request bank statements</li> <li>▪ Perform bank account reconciliations</li> <li>▪ Correspond with bank and arrange transfers from pre-appointment bank account to account controlled by the Voluntary Administrators</li> </ul>
	ASIC forms	<ul style="list-style-type: none"> <li>• Prepare and lodge ASIC forms</li> <li>• Correspond with ASIC regarding statutory forms</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>• Internal meetings to discuss status of external administration, and plan future workstreams</li> <li>• Agree strategy for administration of Unlocked</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>• Maintain online cloud storage of company books and records</li> <li>• Prepare detailed catalogue of company books and records</li> </ul>

## Appendix 2

### Resolution 2: 29 September 2018 to the end of the administration

Unlockd AU Pty Ltd (Administrators Appointed) Administrators' prospective remuneration 29 September 2018 to the end of the administration							
Position	Rate	Total		Creditors		Project management & statutory	
		Hours	Total (\$)	Hours	\$	Hours	\$
Partner	680.00	1.50	1,020.00	1.00	680.00	0.50	340.00
Senior Manager	530.00	3.50	1,855.00	3.00	1,590.00	0.50	265.00
Manager	500.00	2.00	1,000.00	1.00	500.00	1.00	500.00
Senior Accountant	410.00	4.00	1,640.00	3.00	1,230.00	1.00	410.00
Accountant	320.00	3.00	960.00	3.00	960.00	-	-
Treasury Coordinator	320.00	-	-	-	-	-	-
<b>Total</b>		<b>14.00</b>	<b>6,475.00</b>	<b>11.00</b>	<b>4,960.00</b>	<b>3.00</b>	<b>1,515.00</b>

### Resolution 2: 29 September 2018 to the end of the administration

Task Area	General Description	Includes
Creditors 11.0 hours \$4,960.00	Second Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Prepare and send meeting notices</li> <li>▪ Advertise notice of meeting</li> <li>▪ Prepare meeting file</li> <li>▪ Prepare and lodge minutes of meeting(s) with Australian Securities and Investments Commission (ASIC)</li> <li>▪ Respond to stakeholder queries and questions following the meeting</li> </ul>
	Administrators report	<ul style="list-style-type: none"> <li>▪ Review findings to be included in the Administrators report</li> <li>▪ Finalise report prior to creditors meeting</li> </ul>
Project management & statutory 3.0 hours \$1,515.00	ATO	<ul style="list-style-type: none"> <li>▪ Prepare, review and lodge quarterly BAS return</li> <li>▪ Notify and liaise with ATO</li> </ul>
	Document maintenance	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> <li>▪ Maintain online cloud storage of company books and records</li> </ul>

## Appendix 3

### Resolution 3: Liquidation

Unlocked AU Pty Ltd (Administrators Appointed) Liquidators' prospective remuneration							
Position	Rate	Total		Creditors		Project management & statutory	
		Hours	Total (\$)	Hours	\$	Hours	\$
Partner	680.00	3.00	2,040.00	2.00	1,360.00	1.00	680.00
Senior Manager	530.00	3.00	1,590.00	2.00	1,060.00	1.00	530.00
Manager	500.00	7.00	3,500.00	4.00	2,000.00	3.00	1,500.00
Senior Accountant	410.00	12.50	5,125.00	7.50	3,075.00	5.00	2,050.00
Accountant	320.00	11.50	3,680.00	7.50	2,400.00	4.00	1,280.00
Treasury Coordinator	320.00	2.00	640.00	1.00	320.00	1.00	320.00
<b>Total</b>		<b>39.00</b>	<b>16,575.00</b>	<b>24.00</b>	<b>10,215.00</b>	<b>15.00</b>	<b>6,360.00</b>

### Resolution 3: Liquidation

Task Area	General Description	Includes
Creditors 24.0 hours \$10,215.00	Proofs of Debt ( <b>POD</b> ) & distribution	<ul style="list-style-type: none"> <li>▪ Receive and review PODs from creditors</li> <li>▪ Liaise with creditors to ensure PODs are completed correctly</li> <li>▪ Enter PODs into creditors listing</li> <li>▪ Print and file PODs</li> <li>▪ Adjudicate claims submitted</li> </ul>
Project management & statutory 15.0 hours \$6,360.00	ATO	<ul style="list-style-type: none"> <li>▪ Prepare, review and lodge quarterly BAS return</li> <li>▪ Notify and liaise with ATO</li> </ul>
	Document maintenance	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> <li>▪ Maintain online cloud storage of company books and records</li> </ul>
	Banking	<ul style="list-style-type: none"> <li>▪ Continue to review bank statements regularly</li> <li>▪ Continue to perform bank reconciliations</li> <li>▪ Continue to correspond with bank regarding specific transfers</li> </ul>

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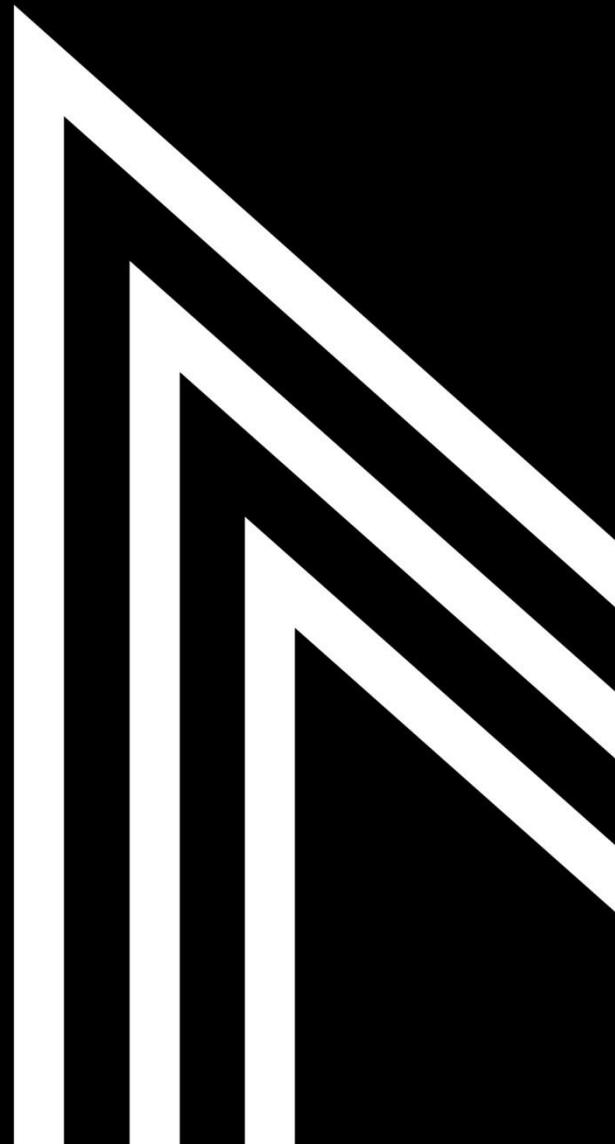
# Remuneration Report

## Unlockd Operations (Administrators Appointed)

10 October 2018



McGrathNicol



This remuneration report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the voluntary administration of Unlockd Operations.

The report has the following information:

1	Declaration .....	2
2	Executive Summary .....	2
3	Remuneration.....	2
3.1	Retrospective remuneration (Voluntary Administration).....	2
3.2	Prospective remuneration (Voluntary Administration) .....	3
3.3	Prospective remuneration (liquidation).....	3
3.4	Total remuneration reconciliation.....	3
3.5	Likely impact on dividends .....	4
4	Disbursements .....	4
4.1	Internal disbursements.....	5
4.2	Internal disbursements with no element of profit or advantage .....	5
5	Summary of receipts and payments.....	6
6	Queries.....	6
Appendix 1	.....	7
Appendix 2	.....	13
Appendix 3	.....	15

## 1 Declaration

We, Robert Smith and Keith Crawford of McGrathNicol, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of Unlocked Operations in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of this matter.

## 2 Executive Summary

To date, remuneration, as set out in the table below, has been approved and paid in this administration.

Past approvals	Amount (ex GST)
Remuneration (12 June 2018 to 27 July 2018), as approved by Committee of Inspection on 9 August 2018	\$235,237.00

This remuneration report details approval sought for the following remuneration:

Approvals sought	Report Reference	Amount (ex GST)
<b>Remuneration</b>		
Retrospective (Voluntary Administration)	3.1 & Appendix 1	\$101,545.00
Prospective (Voluntary Administration)	3.2 & Appendix 2	\$23,095.00
Prospective (Liquidation)	3.3 & Appendix 3	\$42,415.00
<b>Total remuneration</b>		<b>\$167,055.00</b>

Please refer to the report section references detailed in the above table for full details of the calculation and composition of the remuneration and internal disbursements for which approval is sought.

## 3 Remuneration

### 3.1 Retrospective remuneration (Voluntary Administration)

We will request that the following resolution be passed at the forthcoming creditors meeting to approve our retrospective remuneration. Details to support this resolution is included in section 4.1.

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 1: 28 July 2018 to 28 September 2018	Administration	\$101,545.00
<b>Total retrospective remuneration resolution</b>		<b>\$101,545.00</b>

#### Resolution 1: from 28 July 2018 to 28 September 2018

*"That the remuneration of the Administrators of Unlocked Operations for the period 28 July 2018 to 28 September 2018, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, in the amount of \$101,545.00 (exclusive of GST) is hereby approved for payment, and can be drawn immediately or as required".*

We will withdraw funds from the administration account in respect of the Administrators' remuneration immediately upon approval if and when funds are available. If funds are not available, we will withdraw funds progressively over time as funds become available. The Administrators' fees will only be paid if there are sufficient recoveries to do so.

Appendix 1 sets out the time charged to each major task area by staff members working on the administration for the period 28 July 2018 to 28 September 2018, as well as detailed descriptions of the tasks performed within each task area.

### 3.2 Prospective remuneration (Voluntary Administration)

Retrospective remuneration resolution(s)	Appointment Type	Amount (ex GST)
Resolution 2: 29 September 2018 to the end of the administration	Administration	\$23,095.00
<b>Total retrospective remuneration resolution</b>		<b>\$23,095.00</b>

#### Resolution 2: from 29 September 2018 to end of the administration

*“That the prospective remuneration of the Administrators of Unlockd Operations, to the maximum amount of \$23,095.00 (exclusive of GST), calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, for the period from 29 September 2018 until the work undertaken in the estimation of remuneration is complete, or the time charges for work undertaken exceeds the capped fee amount (whichever occurs first).*

*Creditors acknowledge that if actual costs incurred are below the amount approved, the Administrators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Administrators will seek further approval from creditors.*

*The Administrators are approved to draw their remuneration as and when it is incurred from funds under their control.”*

For the avoidance of doubt, the Administrators' fees will only be paid if there are sufficient recoveries to do so.

### 3.3 Prospective remuneration (liquidation)

Retrospective remuneration resolution	Appointment Type	Amount (ex GST)
Resolution 3: Liquidation	Liquidation	\$42,415.00
<b>Total retrospective remuneration resolution</b>		<b>\$42,415.00</b>

#### Resolution 3: Liquidation

*“That the prospective remuneration of the liquidators of Unlockd Operations Pty Ltd (if appointed) to the maximum amount of \$42,415.00 (exclusive of GST), calculated at hourly rates as detailed in the Initial Remuneration Notice dated 15 June 2018, for the period for the period commencing on appointment of the Liquidators until the work undertaken in the estimation of remuneration is complete, or the time charges for work undertaken exceeds the capped fee amount (whichever occurs first).*

*Creditors acknowledge that if actual costs incurred are below the amount approved, the Liquidators are only authorised to draw the amount incurred. Creditors also acknowledge that if actual costs incurred exceed the amount approved, the Liquidators will seek further approval from creditors.*

*The Liquidators are approved to draw their remuneration as and when it is incurred from funds under their control.”*

### 3.4 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for the voluntary administration and future liquidation will be \$402,292.00 (GST exclusive), as shown in the table below. This is subject to the following variables, which may have a significant effect on this estimate and that we are unable to determine as yet:

- the time required to process entitlement payments to staff under the Fair Entitlement Guarantee (FEG);
- recovery and adjudication of intercompany receivables; and
- the extent of any future investigations required.

Remuneration type	Amount (ex GST)
Past remuneration approved	\$235,237.00
Current remuneration approval being sought:	
Retrospective remuneration approval (Voluntary Administration)	\$101,545.00
Prospective remuneration approval (Voluntary Administration)	\$23,095.00
Prospective remuneration (Liquidation)	\$42,415.00
<b>Estimated total remuneration</b>	<b>\$402,292.00</b>

This estimate is within that provided in our Initial Remuneration Notice dated 15 June 2018, which estimated remuneration (for the Administration only) of \$240,000 to \$400,000 (excluding GST), and the Remuneration Report provided to the Committee of Inspection, which also estimated remuneration of \$240,000 to \$400,000 (excluding GST)

### 3.5 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is reasonably performed. That work generates any funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid if sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most other stakeholders in the administration. It is noted that no funds would be available for any stakeholder without the work necessarily undertaken by the external administrator.

The extent of any dividend to creditors will ultimately be impacted by future realisations achieved by the external administration, and the value of creditor claims admitted to participate in the dividend.

The Administrators will advise creditors of the potential range of outcomes that may result from future realisations in their report issued to creditors in advance of the second meeting of creditors.

If a dividend or distribution is to be paid to stakeholders, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

## 4 Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying, printing and data storage, may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We have undertaken a proper assessment of disbursements claimed for the administration, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

#### 4.1 Internal disbursements

Internal disbursements are paid for by McGrathNicol and are recovered from the Administrators' bank account. Creditors are only required to approve these types of disbursements where there is an element of profit or advantage to the External Administrator or a related party of the External Administrator.

#### 4.2 Internal disbursements with no element of profit or advantage

The following internal disbursements have no element of profit or advantage. Details are provided to account to creditors, including the basis of charging for these types of disbursements. Creditors are entitled to question the incurring of the disbursements and can challenge the disbursements in Court. These amounts will be reimbursed to McGrathNicol at cost from the Administrators' bank account:

Internal disbursements at cost for the period 12 June 2018 to 28 September 2018	Amount (\$) (GST exclusive)
Postage (principally for employment communications)	\$635.81
Travel (including taxis and parking)	\$172.30
Subscriptions (Google Drive, Xero)	\$146.00
Searches (including company and statutory searches)	\$92.46
Mail redirection	\$60.07
<b>Total</b>	<b>\$1,106.62</b>

## 5 Summary of receipts and payments

A summary of the receipts and payments for the administration for the period 28 July 2018 to 28 September 2018 is outlined below.

### Unlockd Operations summary of receipts and payments 12 June 2018 to 28 September 2018

<b>Receipts</b>	<b>A\$</b>
Intercompany loan receivables	315,807
Loan from Unlockd Limited	209,990
Offshore entity recharges	131,984
Pre-appointment funds	86,691
Plant and equipment sales (net of direct costs)	6,369
Interest income	95
<b>Total receipts</b>	<b>750,936</b>
<b>Payments</b>	
Administrator fees (as approved by COI on 9-Aug-18)	(258,761)
Payroll (net wages)	(216,208)
PAYG	(36,763)
Rent	(23,043)
Superannuation	(11,502)
Insurance	(1,139)
Employee reimbursements	(891)
Auctioneer charges	(989)
Subscriptions	(950)
Other operating costs	(488)
Bank charges	(35)
<b>Total payments</b>	<b>(550,769)</b>
<b>Net receipts / payments</b>	<b>200,167</b>

*Source: bank accounts*

## 6 Queries

If you have any queries regarding the information in this report, please contact Olivia Lock on +61 3 9278 1049.

You can also access information that may assist you on the following websites:

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "fees of insolvency practitioner").

Dated: 10 October 2018



Robert Smith  
*Administrator*

## Appendix 1

### Resolution 1: Professional fees incurred from 28 July 2018 to 28 September 2018

Unlocked Operations Pty Ltd (Administrators Appointed) Administrators' remuneration from 28 July 2018 to 28 September 2018														
Position	Rate	Total		Assets		Creditors		Employees		Trade on		Project management & statutory		
		Hours	Total (\$)	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	
Robert Smith	Partner	680.00	0.50	340.00	-	-	-	-	-	-	0.50	340.00	-	-
Keith Crawford	Partner	680.00	0.50	340.00	-	-	-	-	-	-	0.50	340.00	-	-
Employee A	Senior Manager	530.00	37.70	19,981.00	0.70	371.00	25.20	13,356.00	1.90	1,007.00	8.40	4,452.00	1.50	795.00
Employee B	Manager	500.00	40.10	20,050.00	2.80	1,400.00	27.70	13,850.00	4.50	2,250.00	5.10	2,550.00	-	-
Employee C	Senior Accountant	410.00	96.80	39,688.00	4.50	1,845.00	29.50	12,095.00	10.50	4,305.00	44.00	18,040.00	8.30	3,403.00
Employee D	Senior Accountant	410.00	7.00	2,870.00	-	-	-	-	-	-	-	-	7.00	2,870.00
Employee E	Accountant	320.00	45.90	14,688.00	7.20	2,304.00	15.10	4,832.00	1.00	320.00	16.50	5,280.00	6.10	1,952.00
Employee F	Accountant	320.00	4.90	1,568.00	-	-	4.00	1,280.00	-	-	-	-	0.90	288.00
Employee G	Treasury Team Leader	410.00	0.40	164.00	-	-	-	-	-	-	0.40	164.00	-	-
Employee H	Treasury Coordinator	320.00	5.80	1,856.00	0.60	192.00	0.10	32.00	-	-	5.10	1,632.00	-	-
			<b>239.60</b>	<b>101,545.00</b>	<b>15.80</b>	<b>6,112.00</b>	<b>101.60</b>	<b>45,445.00</b>	<b>17.90</b>	<b>7,882.00</b>	<b>80.50</b>	<b>32,798.00</b>	<b>23.80</b>	<b>9,308.00</b>

The below table sets out a detailed description of work undertaken on the Administration for the period 28 July 2018 to 28 September 2018, which is the basis of Resolution 1.

**Resolution 1: from 28 July 2018 to 28 September 2018**

Task Area	General Description	Includes
Assets 15.8 hours \$6,112.00	Plant and Equipment	<ul style="list-style-type: none"> <li>▪ Liaise with valuers, auctioneers and interested parties regarding the sale of plant and equipment</li> <li>▪ Review asset listings</li> <li>▪ Coordinate sale of plant and equipment to former employees upon termination</li> </ul>
	Intercompany debtor recovery	<ul style="list-style-type: none"> <li>▪ Review intercompany balances, pre-appointment process for recognising same and discuss next steps on confirming intercompany balances</li> <li>▪ Conduct detailed review of intercompany transfer pricing model and mark up queries on same</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>▪ Liaise with landlord and agree on consideration for rent</li> <li>▪ Liaise with previous landlord of Unlocked Operations</li> <li>▪ Investigate bank guarantee held with respect to previously leased premises</li> <li>▪ Conduct detailed review of previous leasing contract</li> </ul>
Creditors 101.6 hours \$45,445.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> <li>▪ Request, receive and review updated creditor information from management and creditors including contact details and amounts outstanding per accounting ledgers</li> <li>▪ Review and respond to creditor enquiries</li> <li>▪ Maintain and review creditor and invoice position and lists</li> </ul>

Task Area	General Description	Includes
	Committee of Inspection (COI) meeting	<ul style="list-style-type: none"> <li>▪ Prepare for, attend and run COI meeting on 9 August 2018</li> <li>▪ Prepare Remuneration Report for COI meeting</li> <li>▪ Prepare, review and lodge minutes of meeting with ASIC</li> <li>▪ Organise logistics and technology for meeting to be held remotely for international members</li> <li>▪ Review ARITA guidelines on COI minutes and chairperson notes</li> <li>▪ Prepare PowerPoint slide deck COI members of meeting</li> </ul>
	Administrators' report	<ul style="list-style-type: none"> <li>▪ Internal meetings regarding preparation of the report and the various work streams involved</li> <li>▪ Conduct detailed review of company register and reconcile same to ASIC register</li> <li>▪ Review ASIC register to confirm key dates</li> <li>▪ Conduct detailed review of company records to understand events leading up to the appointment of external administrators</li> <li>▪ Conduct detailed review of Unlockd Operations internal correspondence and supporting company documents</li> <li>▪ Prepare financial tables (cash-flow, profit and loss and balance sheet)</li> <li>▪ Undertake preliminary insolvency analysis, including a review of potential voidable transactions</li> <li>▪ Review and consider pooling requirements</li> <li>▪ Reconcile RATA to financial account system</li> <li>▪ Prepare estimated outcome statements</li> <li>▪ Draft, review and finalise the Administrators report for the Second Meeting of Creditors</li> </ul>

Task Area	General Description	Includes
	Proofs of Debt ( <b>POD</b> )	<ul style="list-style-type: none"> <li>▪ Receive and collate PODs and supporting documents from claimants</li> <li>▪ Maintain creditor listing with associated</li> </ul>
Employees 17.9 hours \$7,882.00	Employee queries	<ul style="list-style-type: none"> <li>▪ Receive and follow up employee queries</li> <li>▪ Deal with employee issues for internationally based employee</li> </ul>
	Superannuation	<ul style="list-style-type: none"> <li>▪ Calculate and reconcile superannuation liability</li> <li>▪ Liaise with Superannuation fund</li> <li>▪ Set up account, prepare and lodge superannuation for all employees</li> <li>▪ Maintain list of employee superannuation details and update as necessary</li> </ul>
	Employee correspondence and entitlements	<ul style="list-style-type: none"> <li>▪ Prepare and issue redundancy letters and employee entitlement calculations</li> <li>▪ Review Fair Entitlement Guarantee and ATO guidelines on employee entitlements</li> <li>▪ Maintain detailed employee entitlements model</li> </ul>
Trade On 80.5 hours \$32,798.00	Trade On Management	<ul style="list-style-type: none"> <li>▪ Manage and maintain IT subscription</li> <li>▪ Cancel utility services</li> <li>▪ Ongoing communication with suppliers</li> <li>▪ Ongoing liaison with technology and IT development team</li> <li>▪ Arrange for site exit</li> <li>▪ Liaise with US customers regarding closure of Unlockd application</li> <li>▪ Maintain internal systems for cloud storage</li> </ul>

Task Area	General Description	Includes
	Banking	<ul style="list-style-type: none"> <li>▪ Enter receipts and payments into accounting system</li> <li>▪ Reconcile bank accounts for pre-appointment and post-appointment accounts</li> <li>▪ Prepare and pay fortnightly payroll</li> <li>▪ Calculate post-appointment entitlements paid to employees upon termination</li> <li>▪ Investigate unknown transactions</li> <li>▪ Organise pre-paid cards to facilitate ongoing subscriptions</li> <li>▪ Review and assess validity of outstanding invoices</li> </ul>
	Prepare budgets and financial reports	<ul style="list-style-type: none"> <li>▪ Monitor cash flow forecast</li> <li>▪ Update financial analysis, including trading profit or loss statement, trading position statement and outcome statement</li> <li>▪ Continue to evaluate the Group's financial position</li> </ul>
	ATO and lodgements	<ul style="list-style-type: none"> <li>▪ Prepare and lodge BAS returns</li> <li>▪ Liaise with ATO and investigate pre-appointment discrepancy of lodgements</li> <li>▪ Investigate PAYG differences in BAS and Instalment Activity Statements</li> <li>▪ Liaise with state revenue offices and issue correspondence regarding payroll tax obligation</li> <li>▪ Calculate wages and issue declarations to relevant revenue offices</li> </ul>
Project managements & statutory 23.8 hours	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> </ul>

Task Area	General Description	Includes
\$9,308.00	Insurance	<ul style="list-style-type: none"> <li>▪ Continue to monitor insurance and liaise with insurer regarding ongoing insurance requirements</li> <li>▪ Review insurance policies on an ongoing basis and cancel policies when no longer required</li> <li>▪ Correspond with broker on other ad hoc insurance related matters</li> </ul>
	Planning/Review	<ul style="list-style-type: none"> <li>▪ Internal meetings to discuss status of external administration, and plan future workstreams</li> <li>▪ Agree strategy for administration of Unlocked</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>▪ Maintain online cloud storage of company books and records</li> <li>▪ Prepare detailed catalogue of company books and records</li> </ul>

## Appendix 2

### Resolution 2: 29 September 2018 to the end of the administration

Unlockd Operations Pty Ltd (Administrators Appointed) Administrators' prospective remuneration 29 September 2018 to the end of the administration											
Position	Rate	Total		Creditors		Employees		Trade on		Project management & statutory	
		Hours	Total (\$)	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Partner	680.00	2.50	1,700.00	2.00	1,360.00	-	-	-	-	0.50	340.00
Senior Manager	530.00	6.50	3,445.00	5.00	2,650.00	0.50	265.00	0.50	265.00	0.50	265.00
Manager	500.00	2.00	1,000.00	2.00	1,000.00	-	-	-	-	-	-
Senior Accountant	410.00	23.00	9,430.00	7.50	3,075.00	7.50	3,075.00	6.00	2,460.00	2.00	820.00
Accountant	320.00	20.50	6,560.00	5.00	1,600.00	7.50	2,400.00	6.00	1,920.00	2.00	640.00
Treasury Coordinator	320.00	3.00	960.00	2.00	640.00	-	-	1.00	320.00	-	-
<b>Total</b>		<b>57.50</b>	<b>23,095.00</b>	<b>23.50</b>	<b>10,325.00</b>	<b>15.50</b>	<b>5,740.00</b>	<b>13.50</b>	<b>4,965.00</b>	<b>5.00</b>	<b>2,065.00</b>

**Resolution 2: 29 September 2018 to the end of the administration**

Task Area	General Description	Includes
Creditors 23.5 hours \$10,325.00	Second Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Prepare and send meeting notices</li> <li>▪ Advertise notice of meeting</li> <li>▪ Prepare meeting file</li> <li>▪ Prepare chairpersons notes</li> <li>▪ Respond to stakeholder queries and questions following the meeting</li> </ul>
	Administrators report	<ul style="list-style-type: none"> <li>▪ Finalise report prior to creditors meeting</li> </ul>
Employees 15.5 hours \$5,740.00	Employee issues	<ul style="list-style-type: none"> <li>▪ Respond to employee queries</li> <li>▪ Prepare, review and lodge superannuation obligation</li> </ul>
Trade On 13.5 hours \$4,965.00	Trade On Management	<ul style="list-style-type: none"> <li>▪ Liaise with suppliers regarding final payments for accounts and account closures</li> <li>▪ Prepare and authorise receipt and payment vouchers</li> <li>▪ Enter receipts and payments into accounting system</li> <li>▪ Maintain necessary subscriptions and liaise with providers to ensure certain services are kept open</li> </ul>
Project management & statutory 5.0 hours \$2,065.00	ATO	<ul style="list-style-type: none"> <li>▪ Prepare, review and lodge quarterly BAS return</li> <li>▪ Notify and liaise with ATO</li> <li>▪ Prepare, review and lodge PAYG summaries</li> </ul>
	Document maintenance	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> <li>▪ Maintain online cloud storage of company books and records</li> </ul>

## Appendix 3

### Resolution 3: Liquidation

Unlocked Operations Pty Ltd (Administrators Appointed) Liquidators' prospective remuneration									
Position	Rate	Total		Creditors		Employees		Project management & statutory	
		Hours	Total (\$)	Hours	\$	Hours	\$	Hours	\$
Partner	680.00	4.00	2,720.00	2.00	1,360.00	1.00	680.00	1.00	680.00
Senior Manager	530.00	6.50	3,445.00	3.00	1,590.00	2.00	1,060.00	1.50	795.00
Manager	500.00	15.00	7,500.00	7.00	3,500.00	4.00	2,000.00	4.00	2,000.00
Senior Accountant	410.00	35.00	14,350.00	14.00	5,740.00	15.00	6,150.00	6.00	2,460.00
Accountant	320.00	37.00	11,840.00	14.00	4,480.00	15.00	4,800.00	8.00	2,560.00
Treasury Coordinator	320.00	8.00	2,560.00	2.00	640.00	3.00	960.00	3.00	960.00
<b>Total</b>		<b>105.50</b>	<b>42,415.00</b>	<b>42.00</b>	<b>17,310.00</b>	<b>40.00</b>	<b>15,650.00</b>	<b>23.50</b>	<b>9,455.00</b>

**Resolution 3: Liquidation**

Task Area	General Description	Includes
Creditors 42.0 hours \$17,310.00	Proofs of Debt ( <b>POD</b> ) & distribution	<ul style="list-style-type: none"> <li>▪ Receive and review PODs from creditors</li> <li>▪ Liaise with creditors to ensure PODs are completed correctly</li> <li>▪ Enter PODs into creditors listing</li> <li>▪ Print and file PODs</li> <li>▪ Adjudicate claims submitted</li> </ul>
Employees 40.0 hours \$15,650.00	Fair Entitlement Guarantee ( <b>FEG</b> )	<ul style="list-style-type: none"> <li>▪ Assist and respond to employee queries relating to FEG</li> <li>▪ Provide information to FEG and verify payroll data</li> <li>▪ Liaise with FEG representatives on an ongoing basis</li> </ul>
Project management & statutory 23.5 hours \$9,455.00	ATO	<ul style="list-style-type: none"> <li>▪ Prepare, review and lodge quarterly BAS return</li> <li>▪ Notify and liaise with ATO</li> </ul>
	Document maintenance	<ul style="list-style-type: none"> <li>▪ Maintain physical and electronic engagement file</li> <li>▪ Update checklists</li> <li>▪ Maintain online cloud storage of company books and records</li> </ul>
	Banking	<ul style="list-style-type: none"> <li>▪ Continue to review bank statements regularly</li> <li>▪ Continue to perform bank reconciliations</li> <li>▪ Continue to correspond with bank regarding specific transfers</li> <li>▪ Continue to review and approve payments</li> </ul>